

**1. PURPOSE**

This item is submitted to Council for consideration and tabling of the annual budget for the 2020 / 2021 financial year and two outer years [i.e. 2021 / 22 and 2022 / 23] as required by the Municipal Finance Management, 2000 [Act 56 of 2003].

**2. BACKGROUND**

In terms of the Municipal Finance Management Act, 2003, section 24 (2)(a), the annual budget of the Municipality must be approved before the start of the new financial year, section 24 (2)(b), annual budget is approved by the adoption by the Council of a resolution referred to in section 17(3)(a)(i) and section 24 (2)(c) annual budget of the Municipality must be approved together with the adoption of resolutions as may be necessary.

It is crucial that the Municipal Council approves the annual budget before the start of the financial year.

In order to comply with the above requirements, the Mayor of the Municipality must table the annual budget at a council meeting at least 90 days before the start of the budget year, latest being 31 March 2020.

**3. STAKEHOLDERS CONSULTED**

- ♦ None.

**4. LEGAL IMPLICATIONS**

- ♦ Compliance to the Municipal Finance Management Act, 2003 [Act 56 of 2003].
- ♦ Compliance to the Municipal Budget and Reporting Regulations.

**5. STAFF IMPLICATIONS**

- ♦ None.

**6. FINANCIAL IMPLICATIONS**

- ♦ Approval of the item as submitted will constitute the tabled budget for the 2020 / 2021 financial year, this budget will undergo community consultation processes, the final budget will be approved by Council on the latest 30 June 2020.
- ♦ The following are the proposed tariff increases for 2020 / 2021 financial year:
  - Property Rates for all other properties : 5.0%
  - Property Rates for agricultural properties : 5.0%
  - Water : 5.0%

- Refuse : 5.0%
  - Sanitation : 5.0%
  - Electricity : 6.24%
- ♦ All other tariff increases are per the Tariff List of the Municipality.
  - ♦ Formal application will be made to NERSA on the electricity tariff. NERSA issued a guideline to municipalities indicating a pre-approved tariff of 6.24%

## **7. RISKS**

- ♦ Failure to approve the “draft” budget by Municipal Council may result in the deadline for the approval of the final budget not to be met, and the results thereof will lead to all expenditure items having to be approved by the Member of the Executive Council [MEC] responsible for local government in the province prior to being incurred.
- ♦ The municipality maybe unable to render services to the community due to none availability of financial resources if the budget is not approved.
- ♦ Section 139 of the Constitution may be imposed on the Council of the Municipality.
- ♦ Non-compliance with MPRA Regulations.

## **8. ANNEXURE**

- ♦ Draft Budget Document.
- ♦ Tariffs List.

## **9. RECOMMENDATION**

1. That the draft annual budget of the Municipality for the financial year 2020 / 2021 be adopted and public participation be undertaken on the budget.
2. That public comments be invited on the budget related policies.
3. That all stakeholders be consulted on the tabled draft annual budget.
4. Approval of one year extension of municipal valuation roll to run until the end of 2021 / 22 financial year.

[FOR RESOLUTION]

---

**Minutes: Special Council Meeting: 30 March 2020**

The Mayor proposed that the matter be resolved as follows and was seconded by Cllr Baleni.

### **RESOLVED:**

1. That the draft annual budget of the Municipality for the financial year 2020 / 2021 be adopted and public participation be undertaken on the budget.
2. That public comments be invited on the budget related policies.
3. That all stakeholders be consulted on the tabled draft annual budget.
4. Approval of one year extension of municipal valuation roll to run until the end of 2021 / 22 financial year.

